



Department of Justice

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FORMER TELECOM OWNER CONVICTED FOR SCHEME TO DEFRAUD FEDERAL E-RATE PROGRAM

WASHINGTON — A federal jury in McAllen, Texas, convicted the former president and owner of ATE Tel Solutions Inc., which does business as ATE Telecom Solutions Inc. (ATE Tel), on seven of nine counts of wire fraud in a scheme to defraud the federal E-Rate program, the Department of Justice announced today. Rafael G. Adame was convicted of submitting fraudulent applications for payment on behalf of ATE Tel to the Federal Communications Commission's (FCC) Universal Service Administrative Company (USAC). The indictment against Adame was returned on Dec. 6, 2006.

Adame was convicted of submitting fraudulent invoices for payment to the Schools and Libraries Division of USAC from December 2001 to May 2003. As a result of the scheme to defraud the E-Rate program, Adame fraudulently obtained \$106,514 in payments from USAC.

"Committing fraud upon the E-Rate program harms underprivileged school districts," said Thomas O. Barnett, Assistant Attorney General in charge of the Department's Antitrust Division. "The Antitrust Division will continue to vigorously pursue those who cheat the competitive process and steal money from this federal program."

The E-Rate program subsidizes the provision of Internet access and telecommunications services, as well as internal computer and communications networks, to economically disadvantaged schools and libraries. The program was created by Congress in the Telecommunications Act of 1996 and is administered by USAC, a non-profit corporation, under the auspices of the FCC.

Adame owned and operated ATE Tel, a vendor that provided computer-related goods and services through the E-Rate program to various school districts, including Weslaco Independent School District in South Texas. Adame devised a scheme to defraud the E-Rate program through illegitimate invoices which were transmitted via wire communications to USAC. On these invoices Adame entered fabricated data, such as false customer bill dates and false amounts for reimbursement. USAC then relied on this illegitimate information to transmit wire transfers for the indicated amount into ATE Tel's bank account. By making false representations on invoices filed with USAC, Adame received payments in excess of what was authorized and for work that was not actually performed.

The wire fraud conviction under 18 U.S.C. § 1343 carries a maximum penalty per count

of 20 years in jail, and a \$250,000 fine. Adame has not yet been sentenced.

Today's conviction resulted from an ongoing national investigation of fraud in the E-Rate program. The trial and prosecution of this case was conducted by the Antitrust Division's Dallas Field Office and the Federal Communications Commission's Office of Inspector General.

The Antitrust Division's ongoing investigation into fraud and anti-competitive conduct in the E-Rate program has yielded charges being filed against 14 individuals and 12 companies. Six companies and four individuals have either been found guilty at trial, pleaded guilty, agreed to plead guilty, or have entered civil settlements. The defendants have collectively agreed to pay criminal fines and restitution totaling more than \$40 million. Two of the individuals have each been sentenced to serve six years in prison.

Anyone with information concerning fraud or anticompetitive conduct in the E-Rate program should contact the Dallas Field Office of the Antitrust Division at 214-661-8600.

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